

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 07 MAPUTO 000083

SIPDIS

STATE FOR AF/S, AF/EPS, INL/AAE

JUSTICE FOR OPDAT AND ICITAP

TREASURY FOR FINCEN

E.O. 12958: DECL: 01/15/2014

TAGS: [PGOV](#) [KCOR](#) [KCRM](#) [EATD](#) [MZ](#)

SUBJECT: CORRUPTION IN MOZAMBIQUE

REF: A. 03 MAPUTO 1530

[1](#)B. 03 MAPUTO 1532

Classified By: Amb. Helen La Lime, reasons 1.4 b and d

[1](#)1. (SBU) Summary: Any discussion of Mozambique's political and economic development needs to take into account corruption. The steady decade-long progress since the end of the civil war could be slowed or even reversed if corruption is not checked. Senior Mozambicans in fact cite corruption as the greatest single impediment to future development. Corruption is not an easy topic to analyze. By their nature the worse forms of corruption are hidden from view. Corrupt practices occur at all levels of society to the point that many practices are considered "normal." U.S. ideas of conflict-of-interest do not exist here resulting in some politicians who have greatly enriched themselves through government positions seeing themselves as legitimate champions against corruption. The Mozambicans say the right things about corruption. They have also taken serious efforts to lay the institutional and legal framework to attack the problem. The fundamental question, however, is whether in a country where none is without sin the Mozambicans really mean what they say. This cable, which represents a mission-wide effort, surveys GRM efforts to combat corruption and USG assistance in those efforts, placing the issue in Mozambican and regional context, and identifying criticisms we have encountered from our interlocutors. Elections scheduled for December could prove to be a watershed in current and future GRM efforts. End summary.

Everybody Recognizes the Problem

[1](#)2. (SBU) Mozambique is losing its image as the darling of the donor community as the corruption issue takes a more central role. After eleven years of peace, reconciliation, and rapid economic growth, the shine of Mozambique's (and the donor community's) success story is beginning to tarnish. Concern is growing among donors that corruption is not being adequately addressed by the country's leadership. Corruption is the biggest campaign issue for the opposition as Mozambique approaches presidential elections in 2004; indeed, the ruling party candidate is also forced to play a political dance of condemning corruption in government while distancing himself from the very party structure that has resulted in corruption. Businesses cite corruption (particularly petty corruption) as the biggest hindrance to investment. Polls of Mozambican citizens of all economic strata cite corruption in one form or another as a constant in day-to-day life. Despite the formation of a special unit in the Attorney General's office and numerous public statements by key figures in the GRM and FRELIMO, a concerted effort has been slow to gain momentum. Positive developments have been the creation of the Anti-Corruption Unit, passage of new legislation, the GRM public sector reform, and improvement in public finances; these can be considered first steps in combating corruption. One watershed event, especially in terms of public perception, was the Carlos Cardoso murder trial, which led to the sentencing in January 2003 of six involved in killing the crusading anti-corruption journalist. The entire populace followed the trial closely and were taken aback (though not surprised) by testimony that detailed the world of criminal corruption in Mozambique. The trial might not have happened if it were not for pressure on the GRM from the Nordics.

Then and Now

[1](#)3. (SBU) The days of Samora Machel: Concerning corruption, much of the population looks back nostalgically to the early independence period and the Presidency of Samora Machel from 1975-1986. Stories abound of Machel's intolerance for corruption and his public shaming and sacking of officials found to be corrupt. At that time, idealism and enthusiasm for FRELIMO policies was sincere in most quarters of the population. It is common to hear "this wouldn't have happened under Samora" when allegations of corruption are discussed. The yearning for "the good old days" under Machel ignores the fact that money wasn't worth stealing because there was nothing to buy in shops and food shortages were common. Only government officials and diplomats had access to hard-currency shops actually supplied with goods. The grinding civil war, compounded by drought, brought enormous suffering to most Mozambicans. Machel was, however, an

undeniably charismatic and popular leader and his personal example of a humble lifestyle can be juxtaposed with the lavish fortunes of many current and former government officials who enriched themselves during privatization.

14. (U) The Down Side of Economic Development: Mozambique has enjoyed growth rates of more than 8% for the last decade, albeit from a very low base. Before the 1992 Rome Peace Accords, the country was torn by destructive civil war and the neighboring South African economy was isolated under anti-apartheid sanctions. Visitors to Maputo who have not seen the capital for years are astounded at the level of construction and development. In addition to private foreign investment and large donor-financed infrastructure projects, numerous luxury villas have recently sprung up in Maputo's more upscale neighborhoods. Deteriorated buildings from the Portuguese era are either being renovated or replaced with modern structures. Many state enterprises and parastatal companies have been fully or partially privatized. High-ranking FRELIMO party members are generally thought to have benefited from the privatization program, in which previously nationalized companies were sold off under a less than transparent bidding process. With large investments from South Africa, United Kingdom, and Portugal, the Maputo Corridor has produced a dynamic economic environment and increased opportunities for corruption. A growing pie and weak institutions opened the door for corruption, and the former revolutionary leaders were the first in line as newly-converted free marketers.

The Three Forms of Mozambican Corruption

15. (C) Criminal Corruption: The most serious, and perhaps most unsettling, type of corruption in Mozambique involves potential involvement with organized crime by government officials. Even if guilty of acts of omission rather than commission, the tolerance of activities such as trafficking in drugs and stolen vehicles, contraband smuggling, trafficking in persons, and money laundering are seen as the worst forms of corruption, along with outright pilferage. Those involved in shady dealings do not shrink from contracting for the murder of potential witnesses to thwart prosecution. The collusion of low level officials with transborder crime provides a conducive environment for international crime. The role of the country as a transit point for narcotics, aliens, and stolen goods has grown rapidly in the last five years. The murders of investigative journalist Carlos Cardoso in 2000 and of bank auditor Siba-Siba Macuacua in 2001 demonstrate the ruthlessness of criminals involved in this type of corruption. Additionally, the Assistant Attorney General heading up the UAC was the victim of an assassination attempt in late 2002.

16. (SBU) Corrupted Elites and "Legal" Corruption: This type of corruption has become more prevalent and, to some extent, has become socially accepted in the Mozambican context, despite public disdain for government officials widely seen as increasingly corrupt. It is expected that ministers will have a Mercedes and a large home and family members, friends and associates of those in high positions expect to also benefit, and pressure any relative with access to resources. Considering low government salaries, even for ministers, fringe benefits, such as free housing or the use of a car are an accepted fact of life. Even anti-corruption advocates like prominent members of the NGO Etica have profited from positions such as university dean or former parliamentary committee chairman. LINK, the domestic NGO consortium, noted that less than twenty percent of their members meet their transparency criteria. Not only NGO's budget decisions are unduly controlled by their leaders. RENAMO leader Afonso Dhlakama is not known for his transparent handling of the main opposition party's finances. There are signs, however, that the public has become less accepting of business as usual. For example, after the government confirmed on January 16 that President Chissano will be provided the use of a new two million dollar home upon leaving office, as provided by a 1992 law, media reaction included public debate questioning the appropriateness of building a mansion at great expense when so many other pressing needs exist.

17. (U) In discussions with contacts and among mission staff, the trend of sophisticated corruption was identified. Individuals involved in corruption exhibit sufficient subtlety to avoid the appearance of outright theft and embezzlement. It is considered normal to take advantage of position to garner kickbacks for oneself and family members. In addition, the privileged elite, with their access to or influence within government, can peddle influence to enrich themselves, while still remaining technically within the law, since no conflict of interest rules exist. A 1992 law permitted government ministers to have business interests in their areas of oversight, enabling many to get in on the ground floor of private sector activity. While the new anti-corruption law requires high-ranking officials to declare their assets, this information will remain archived and out of the reach of the public. Most government

officials have profited from privatization, most notably former Transport and Communication Minister Guebuza. The fact that government officials can enrich themselves without technically breaking the law, compounded by cultural expectations, makes it possible for officials to publicly rail against corruption with a straight face. They can define corruption to solely include collusion with organized crime or petty everyday extortion, conveniently leaving out their own actions.

18. (U) Petty Corruption: As opposed to high-level corruption aimed at personal enrichment, most day-to-day corruption can be described as "subsistence corruption." Civil servants, police, teachers, and health care workers receive extremely low pay. Often, government employees do not even receive their salaries on time. Considering the high number of points in the overly-bureaucratic state where a bribe can be demanded, it is commonplace to pay small "fees" to expedite paperwork, such as that for mandatory identity cards or permits. The lingering cultural effects of Portuguese colonial bureaucracy and previous dependence on the state during Marxism-Leninism make transactions with corrupt low-level officials frequent, exacerbating the problem. Small-scale extortion in this "household sector" disproportionately burdens the poorest Mozambicans. This type of corruption is endemic and is prevalent in the police (in particular the extortionate traffic police), health clinics (where payment is often demanded for free services), and schools. In the 2001 Corruption Survey published by Etica Mocambique, 34 percent of respondents had been asked for money in the health care service, and 25 percent by police or teachers. Only fifteen percent had any trust in the police, and between 80 and 90 percent believed that judges, police, and customs officials, along with teachers and health workers, demand bribes. In the schools, low-paid teachers often demand cash, or even bags of rice, for posting student exam results. Unfortunately, this situation also leads to some teachers demanding sexual favors from students for good or passing grades.

Saying all the right things

19. (U) Public statements by the President, Prime Minister, and FRELIMO Secretary General all indicate a desire on the part of FRELIMO to show progress in the fight against corruption. A key aspect of the GRM's anti-corruption campaign has been the high-profile launch of an Anti-Corruption Unit (UAC) within the Attorney General's Office. It has become a centerpiece of GRM efforts. Attorney General Joaquim Madeira shook up the political establishment shortly after coming into office in 2001 by announcing his intention to combat corruption, starting in his own office, which was rife with corrupt prosecutors. The UAC has had some successes in arrests of provincial level officials engaging in corruption, but has also faced challenges in staffing and resources. After moving slowly in hiring and training staff (with USG training assistance), they are preparing to expand their efforts. Speaking on the occasion of the UAC's one-year report, PM Pascoal Mocumbi encouraged the unit to continue making progress and exhorted them to "show us the faces" of the corrupt. President Chissano has repeatedly linked combating corruption with the GRM centerpiece Strategic Plan for the Reduction of Absolute Poverty (PARPA). Secretary General Guebuza, in his early campaigning for 2004 (under the official auspices of the 2003 municipal election campaign) has promised to crack down on corruption in the public sector, causing some unease among his fellow Frelimistas as to how far he is willing to go.

GRM efforts to combat corruption

10. (SBU) The Anti-corruption Unit: The UAC began operations in November 2002. During their first year, 116 denunciations were received by the unit, 26 anonymously, with 11 resulting in charges and 3 cases reaching trial, but still no convictions. The unit's Maputo office covers the entire country; regional offices in Beira and Nampula opened in December 2003. Major accomplishments of the UAC to date include the selection and training of core staff. In Maputo, there are currently only five prosecutors and one investigator, with prosecutors selected and being trained for the regional offices. The painstaking staff screening process has had the personal involvement of Attorney General Madeira and has resulted in selection of a professional, dedicated staff with an excellent public reputation for being uncorrupted. AG Madeira informed us in early January that the Council of Ministers approved a budget that included more funds than he had asked for, and includes salary incentives for the UAC. This is one key test of political will to support Madeira and the UAC. The UAC enjoys such public confidence that denunciations and complaints involving complex crimes not directly related to corruption are brought by citizens to the UAC, in light of their reputation for responsiveness. This situation, however, prevents the unit from focusing on cases that require their attention, by diverting their limited staff and resources to evaluating and

forwarding on cases that should be dealt with elsewhere. The fact that the population does not trust the police or any other entity as much as the UAC is gratifying, but distracts the prosecutors from investigating higher priority cases. The few successes that the unit can point to involves time-consuming embezzlement cases in Sofala and Cabo Delgado provinces.

11. (SBU) The growing backlog and the UAC's isolation within the judicial sector translate into the lack of successful prosecutions. Many of the cases investigated by the unit's prosecutors have been shelved or dismissed by judges for alleged lack of convincing evidence. With the UAC seen as an elite group and the Attorney General publicly criticizing the Investigative Police (PIC), the animosity of the police is an impediment to the UAC. In light of the Attorney General's moves to create a judicial police (PJ) to investigate complex crimes due to the widespread perception that the PIC is highly corrupt, police investigators are less than helpful. With the discussion of the accomplishments and challenges of the first year, the UAC laid out its goals for the next five years. These include construction of permanent offices in Maputo, Beira, and Nampula (vs. rented space), staffing levels of ten prosecutors and five investigators for each office, hiring of accountants, auditors, and other technical experts and support staff, development of an efficient case-tracking system, procurement of investigative equipment, and improved coordination with other GRM agencies. The UAC cannot fight corruption on its own, it needs to be part of a multi-level effort involving different sectors of the government, including each ministry.

12. (U) Public Sector Reform: The GRM is undertaking a comprehensive reform of public services, with the goal of a creating more efficient and less corrupt environment for economic development. An inter-ministerial working group has approved a good governance program with the goal of improving each ministry's internal controls and reforming public sector hiring, salaries and advancement, to modernize the public service and prevent corruption. In November 2003, the Prime Minister officially launched an national survey, based on World Bank Institute standards, to identify the extent of corruption in government services.

13. (SBU) Finance Ministry Inspector General's Office: Minister of Planning and Finance Luisa Diogo has received high marks for the donor community and IFIs for her attempts to develop more accountability in the GRM budget. A key potential ally of the UAC is the MPF's Inspectorate General for Finance (IGF). The IGF has powers to audit all government entities, including the Presidency, and to make unannounced inspections, which have uncovered cases of fraud in provincial administration. They have a staff of 100, and regional offices in Beira and Nampula. They chair the Coordinating Council of Inspectorates, comprising around twenty ministerial internal inspection units. The Ministry of State Administration's inspection unit supervises civil servants throughout the public sectors, but only has three inspectors.

14. (U) Anti-corruption law: The National Assembly passed the new Anti-Corruption Law in November 2003 (reftel B). The law is seen as a good first step, in particular concerning increased protection for whistle-blowers and higher fines for official found guilty of corrupt practices. However, the law lacks teeth in other areas, and if the anti-money laundering legislation passed two years ago is any indication, it will be some time before implementing regulations are promulgated. The legislation provides for the formation of a Central Office for Combating Corruption (GCCC) with broad powers, chaired by the Attorney General, which will more than likely be a re-named UAC.

?

15. (SBU) The Cardoso and BCM Trials: The Cardoso murder trial, which ended in January 2003, and the ongoing BCM bank fraud trial, which began in December 2003, have helped to improve the image of the beleaguered judiciary. The conviction and long sentencing of six organized crime figures for the murder of investigative journalist Carlos Cardoso prompted several newspapers to name the judge presiding over the cases as "man of the year." The trial was broadcast live and was followed with great interest. The judge currently leading the trial of the 14 million dollar BCM fraud case has not won over the public, but a successful completion of the case would further strengthen the image of the court system. The courts and judiciary are also seen as highly corrupt, with only the poor ending up facing trial. Most people believe that judges can be bought, putting those with enough money above the law. The Portuguese-based legal system invests broad discretion in judges to dismiss cases before the trial stage.

Para os Ingleses ver?

16. (SBU) In recent discussions, prominent civil society figures, business consultants and government officials told

Ambassador and other embassy officers that GRM anti-corruption efforts are not sufficiently far-reaching, and often can be described as efforts to simply present the appearance that something is being done, "for the English to see." The most commonly heard complaints involve the argument that the creation of the Attorney General's Anti-Corruption Unit (UAC) is merely for show and they will not be given resources or the required room to maneuver to go after high-level government corruption. Beyond being called a "Potemkin" operation, the UAC is considered a convenient way for other government departments to deflect any responsibility for fighting corruption, by simply stating that the UAC is the appropriate entity to do so, despite their small and inexperienced staff that is quickly becoming deluged with cases. The UAC has now been operating for one year and is beginning to increase their capacity. Despite their courage and dedication and the sound progress made to date, they face a daunting task.

USG Assistance in the Fight Against Corruption

18. (U) The Anti-Corruption Unit: USAID support pays for rental of the UAC's office space and provision of all office equipment, computers, and vehicles. INL has funded three trips of OPDAT short-term advisors to assist the UAC in developing skills and tracking cases. PD funds have arranged for the OPDAT advisor to return with his SEC supervisor in a speakers program and permitted travel of seven UAC staff to the U.S. Two groups of seven prosecutors participated in the six-week ILEA Botswana LEED Program in January 2002 and October 2003. Training was also conducted in Maputo in June 2002 and June 2003 involving experts from OPDAT, FBI, and Treasury.

19. (U) Police Sciences Academy (ACIPOL): INL funding has provided an intermittent long-term ICITAP advisor to assist ACIPOL in management and curriculum development and to coordinate specialized training courses that have been conducted at ACIPOL by ICITAP law enforcement experts. Courses have included crime scene response, investigative skills, criminal data base management, investigation of sexual crimes, and problem based learning instructor development. INL funds are also paying for improved facilities at the academy and an assessment of developing a training forensics lab.

20. (U) Post is using PD funds to bring experts to train Mozambican customs, utilizing Speaker Program participants, as it did in September 2003 with a series of lectures on police ethics.

21. (U) Border Security Assistance: Post has requested FY04 INL funds for training of customs, immigration and border police and for necessary equipment. DAO is also working with the GRM to complete prerequisites for receipt of EDA coast guard cutters or other craft for coastal patrol. The Mozambican Navy currently has no capacity to secure its long sea border or to prevent illegal exploitation of its fisheries.

22. (U) Etica and civil society: USAID funded the ground-breaking Corruption Survey conducted by Etica Mocambique in 2001. G-11 donors, including AID, are funding the planned Etica media campaign to raise public awareness about corruption and citizens rights. Etica is also working with the UAC to open reporting centers in all ten provincial capitals with toll-free hotlines for reporting corruption. These centers will play an ombudsman role and help the UAC with case intake. USAID mission DG program is also formulating its strategy to promote "corruption free zones" at the municipal level as part of its planned support for eight newly-elected local governments.

Do Donors Promote Corruption?

23. (SBU) British-based journalist Joseph Hanlon wrote in 2002 that the donors promote corruption in Mozambique. Many prominent civil society figures, among them Abdul Carimo, the President of the NGO "Etica Mocambique," agree with certain aspects of his argument, and were disillusioned to see the GRM receive from donors more money than it asked for at the September 2003 World Bank Consultative Group meetings in Paris. These critics see the donors as afraid to tarnish one of their few success stories on the continent and blames the donor community for accepting only talk from the GRM, without demanding concrete action and progress against corruption. These watchdogs admit that they are also part of the privileged elite and live comfortable lives, in part benefiting from donor largesse in Mozambique. Themselves well-connected, educated elites in close-knit Maputo circles, they also recognize the limits of civil society and the reluctance of the press and NGOs to jeopardize their situation. Fear of retribution, since the Cardoso murder, also plays a part. However, in addition to funding good governance efforts, donor countries should receive credit for pressuring the GRM to move forward in combating corruption.

Nordic countries, in particular, applied strong pressure for the Cardoso murder trial to finally take place. The Swiss Ambassador has also publicly spoken out against corruption, provoking a sensitive reaction from senior FRELIMO officials. In his annual address to Parliament in early 2003, the Attorney General noted particularly the support received from USAID following the assassination attempt on the head of the UAC. Internal public accounting has improved in response to demands from the donor community and many earnest officials, such as Finance Minister Diogo and former Justice Minister Aly Douto (now a FRELIMO deputy and key committee chair) have used this pressure to achieve first results in the fight against corruption.

After 2004?

124. (C) Uncertainty surrounding Guebuza: With the end of the Chissano government less than one year away, speculation is rife that current high-level GRM officials will partake in a "feeding frenzy" to sufficiently pad their nests before leaving office. Candidate Guebuza has repeatedly vowed to tackle corruption. Guebuza also happens to be one of Mozambique's wealthiest businessmen. It is widely believed that he did very well for himself during privatizations while FRELIMO parliamentary leader and also earlier as Minister of Transport. Interlocutors have made comparisons between Guebuza's handling of his son's minor legal troubles (he actually went to jail for a short period in a dispute involving a land deal) and the more well-known case of President Chissano's son Nympine. Since Nympine's unconvincing and arrogant testimony in the Cardoso murder trial, he has actually been heckled in public resulting from perceptions that he was involved in the bank fraud and the murder, but remains certain he will not face justice. Some informed observers feel that Guebuza did not make the same efforts to shield his son from damage, perhaps indicating his intention to allow party colleagues and cronies to be punished for corrupt activities when and if they are revealed. Conversely, Guebuza is among those senior FRELIMO officials who have applied pressure on Attorney General Madeira to move slowly in pursuing certain cases.

125. (SBU) A possible RENAMO upset?: In the now unlikely event of a RENAMO victory, most commentators predict that corruption would be even worse. Hungry for power since the 1992 General Peace Accord, RENAMO has failed in two elections to gain power, and if the November municipal elections are indicative, they are not sufficiently organized to win in 2004. Considering the lack of transparency in party leader Afonso Dhlakama's policy and personnel decisions, public opinion holds that RENAMO is mainly interested in power to enrich themselves and their long-suffering supporters.

Comment

126. (SBU) While the UAC faces many challenges, public opinion is beginning to mobilize and many, if not all, current government officials recognize the negative effects of growing corruption not only to their image and re-electability, but also upon foreign investment and continued donor support. With over half of the GRM budget based on either direct or indirect donor support, the impatience of many European donors, combined with USG pressure on MCA criteria, has the potential to turn the tide. The planned Etica campaign may contribute to a greater awareness of ethical standards and civic ideals on the part of citizens. The factor of the 2004 elections and the imminent changes in the GRM leadership may also play a role. Enlightened GRM officials have indicated that they wish to do more to prevent future corruption, while confiding that it will prove difficult to go after those who have already benefited from corrupt dealings. Without at least one high-profile success on the part of the UAC, the climate of impunity will not be shaken. Things may get worse before they get better, if senior officials who assume they will lose their job in the new government decide to cash in on their positions while they can.

127. (C) Comment continued: Attorney General Madeira has admitted to us that he faces pressure from senior FRELIMO members to back off certain cases involving high level officials. He has received telephone calls from Guebuza and FRELIMO Secretary General Tome pointedly inquiring into the status of particular cases and has been visited by Supreme Court Chief Justice Mangaze on numerous occasions. He has apparently been instructed to keep a tighter rein on the younger and more unpredictable Assistant AG Isabel Rupia, who leads the UAC. It is often rumored that she will soon be replaced in her position by Assistant AG Rafael Sebastiao, who exhibits the same caution as Madeira. It is not clear if the attempt on her life in December was meant to succeed, or merely to send her a message to back off. Some commentators see the UAC as an "escape valve" cleverly used by the GRM to shift focus away from individual ministries' deliberate lack of internal controls. While the UAC runs the risk of becoming swamped, the largest impediment to successfully

prosecuting corruption is stalling by the courts. The judiciary has disproportionate responsibility for the inability of the GRM to bring the corrupt to justice.

128. (SBU) The negative effects on investment, from the added costs and frustrations of doing business, will do great harm to continued economic development if corruption is not reduced. Corruption also has wider implications relating to grand corruption, organized crime, porous borders, and their possible nexus with terrorist financing. Senior GRM officials have publicly stated that corruption is a serious constraint on development. They are also very aware that Mozambique's efforts on corruption will be evaluated in light of such programs as MCA and NEPAD. In the last year, we have seen some glimmers of hope in the fight against corruption. Mozambique must now move more energetically beyond the rhetoric and planning to implementation of ambitious, visible, well-targeted actions, which span all sectors of government and which, over time, will reverse the current trend and foster a culture where good governance and accountability are the norm. End Comment.
LA LIME